



**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

Order 2004-4-14

Issued by the Department of Transportation
on the 20th day of April, 2004

Application of

**FLIGHT ONE AIRLINE USA
(A DIVISION OF LASER ARCHIVES INC.,
A NEVADA CORPORATION)**

for a certificate of public convenience and necessity to engage in
foreign scheduled air transportation of persons, property, and mail.

Served: April 23, 2004

Docket OST-03-16677

ORDER REJECTING APPLICATION

On December 9, 2003, Flight One Airline USA (a division of Laser Archives, Inc., a Nevada Corporation) (Flight One) filed an application in Docket OST-03-16677 for a certificate to provide foreign scheduled air transportation of persons, property, and mail pursuant to section 41102 of Title 49 of the United States Transportation Code ("the Transportation Code"). Flight One accompanied its application with some of the information required by section 204.3 of the Aviation Economic Regulations (14 CFR 204.3). In its application, Flight One proposes to engage in scheduled passenger air transportation between the United States and Africa using one 360-seat MD-11 aircraft.

We have reviewed the material filed by Flight One and find that it is substantially deficient in that much of the information required by Part 204 to establish its fitness to operate has not been provided.¹ For example, other than stating that it is a division of Laser Archives, Inc., a Nevada Corporation, and that all of its division Vice Presidents are U.S. citizens, Flight One has failed to provide any information on its (or Laser Archives') ownership² and Board of Directors, nor did it

¹ In making fitness findings, the Department must determine whether the applicant: (1) will have the managerial skills and technical ability to conduct the proposed operations, (2) will have sufficient financial resources to commence the operations proposed without posing an undue risk to consumers or their funds, and (3) will comply with the Transportation Code and regulations imposed by federal and state agencies. We must also determine that the applicant is a U.S. citizen.

² It is unclear, in fact, who the applicant is in this case. While the application states that Flight One is applying for certificate authority, other parts of the application would indicate that Laser Archives is the applicant. Regardless of which entity is the applicant, the complete lack of ownership information prevents us from determining the background and compliance history of the owners, as well as the

provide an affidavit of citizenship for itself or Laser Archives.³ As a result, it is impossible to tell whether the applicant meets the citizenship requirement set by Section 41102 of the Transportation Code.⁴

Further, Flight One has not provided sufficient information to allow us to determine its financial fitness or the capabilities of its managerial and key technical personnel. In evaluating an applicant's financial fitness, the Department generally asks that the company have available to it sufficient resources to cover all pre-operating costs plus a working capital reserve equal to the operating expenses that would be incurred in three months of "normal" certificated operations.⁵ In Exhibit IV, Schedule B, Flight One appears to forecast that the fully allocated expenses for its first year of operations will be \$43 million. Assuming this forecast accurately reflects the expenses that Flight One would incur during its first year of operations, the applicant would need at least \$10.7 million to meet our financial fitness criteria. No evidence that Flight One has or will have such resources available to it was supplied with the application. Flight One did not supply a current balance sheet and income statement, or third-party verification of its current financial resources. In addition, Flight One did not provide any evidence that it was working to raise funding from others.

In addition, while Flight One's application identified various individuals as holding managerial positions with the applicant, none of these individuals would hold any of the technical positions reviewed by us in determining an applicant's capabilities, such as the Director of Operations, Director of Maintenance, or Chief Pilot. Without this information, we are unable to determine if the key personnel involved in Flight One's proposed operations are properly qualified.

While it is our practice to work with applicants on the certification process and, where warranted, allow additional time for a company to provide all of the information needed for us to make an informed decision on its fitness, given the substantial deficiencies with Flight One's application in virtually all fitness areas, we have no basis for proceeding with a determination of its fitness.

applicant's citizenship. It should be noted that the applicant's response to section 204.3 (g) which asks for a list of all persons having a substantial interest in the applicant states: "Persons with a Substantial Interest in Applicant...None other than applicant."

³ Although the applicant provided an affidavit stating that Flight One's President and Chief Executive Officer, Mr. Amare Teferi, is a U.S. citizen, this filing alone is not sufficient to determine that the applicant itself is a U.S. citizen.

⁴ Section 41102 of the Transportation Code requires that certificates to engage in air transportation be held only by citizens of the United States as defined in 49 U.S.C. 40102(a)(15). That section requires that the president, two-thirds of the Board of Directors, and other managing officers be U.S. citizens; at least 75 percent of the outstanding voting stock be owned by U.S. citizens; and the carrier actually be controlled by U.S. citizens.

⁵ Because projected expenses during the first several months of actual air transportation operations frequently do not include all costs of operations that will be incurred during a normal period of operations, it is our practice to base our three-month test on one quarter of the first year's total operating cost forecast. In calculating available resources, projected revenues may not be used.

Based on the foregoing, we have decided to reject Flight One's application for a section 41102 certificate.

ACCORDINGLY,

1. We reject the application filed by Flight One Airline USA (a division of Laser Archives, Inc., a Nevada Corporation) in Docket OST-03-16677 requesting a section 41102 certificate for foreign scheduled air transportation of persons, property, and mail.
2. We will serve a copy of this order on the persons listed in Attachment A.

By:

RANDALL D. BENNETT
Director
Office of Aviation Analysis

*An electronic version of this document is available on the World Wide Web at
<http://dms.dot.gov>*

SERVICE LIST FOR FLIGHT ONE AIRLINE USA

MR AMARE TEFERI MANDEFRO
FLIGHT ONE AIRLINE USA
700 EAST OCEAN BLVD #2006
LONG BEACH CA 90802

MR LARRY G KEPHART
MANAGER AWP-200
FAA FLIGHT STANDARDS DIV
WESTERN-PACIFIC REGION HQ
PO BOX 92007
LOS ANGELES CA 90009-2007

MR MONROE P BALTON
FAA REGIONAL COUNSEL
WESTERN-PACIFIC REGION HQ
PO BOX 92007
LOS ANGELES CA 90009-2007

MR DON BRIGHT K-25
OFFICE OF AIRLINE INFORMATION
DEPARTMENT OF TRANSPORTATION
400 7TH STREET SW
WASHINGTON DC 20590

MR PETER LYNCH
ASST CHIEF COUNSEL FOR
ENFORCEMENT AGC-300
FEDERAL AVIATION ADMIN
800 INDEPENDENCE AVENUE SW
WASHINGTON DC 20591

MS LORI AQUILINO
CSET ASSISTANT MANAGER
24215 MANNY MARSHALL DRIVE
TWIN HARTS, CA 95383